

Locating American Manufacturing: Trends in the Geography of Production

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Findings

Analysis of data on employment, earnings, and the number of business establishments engaged in U.S. manufacturing finds that:

- **Metropolitan areas, especially large metropolitan areas and central metropolitan counties, contain the great majority of manufacturing jobs and nearly all very high-technology manufacturing jobs, reflecting the advantages they provide to manufacturing in general and very high-technology manufacturing in particular.** In 2010, metropolitan areas contained 79.5 percent of all manufacturing jobs, 78.6 percent of moderately high-technology manufacturing jobs, and 95 percent of very high-technology manufacturing jobs.
- **U.S. metropolitan areas have become increasingly specialized in manufacturing since 1980 but they vary widely in their manufacturing activities and focuses.** Nearly all metropolitan areas specialize strongly in at least one manufacturing industry even if they do not specialize strongly in manufacturing as a whole.
- **Manufacturing in most metropolitan areas follows one or more of six broad patterns of industry clustering.** These patterns are anchored in high specializations in computers and electronics, transportation equipment, low-wage manufacturing industries, chemicals, machinery, and food production.
- **Manufacturing wages vary widely among metropolitan areas.** In the nation's 100 largest metropolitan areas, the average manufacturing earnings are highest in San Jose, at about \$145,000 per year, and lowest in McAllen, at about \$35,000.
- **Metropolitan manufacturing plants are relatively small but vary widely in size among metropolitan areas.** In 2009, the average metropolitan manufacturing plant had 57.4 employees, a figure that ranged from a high of 203.6 in Kingsport, TN, to a low of 9.1 in Ocean City, NJ.
- **The long-term shift of manufacturing jobs toward the South came to a halt in the first decade of the 21st century, while the Midwest had the fastest manufacturing job gains over the last two years.** Between 2000 and 2010 both the Midwest and the South lost about 34 percent of their manufacturing jobs, while between the first quarter of 2010 and the fourth quarter of 2011 the Midwest saw a manufacturing job gain of 5.2 percent while the South saw a gain of 2.2 percent.
- **The early 21st century saw a resumption or continuation of long-term shifts of manufacturing jobs away from metropolitan areas and central metropolitan counties.** Between 2000 and 2010 the central counties of metropolitan areas with three or more counties lost 33.9 percent of their manufacturing jobs while the outlying counties of those metropolitan areas lost 29.3 percent. Although metropolitan areas lost manufacturing jobs at a slower rate than nonmetropolitan counties between 2000 and 2010, nonmetropolitan counties gained manufacturing jobs more rapidly than metropolitan areas during the past two years.

In view of these findings, public policy should enhance the innovation and productivity advantages that metropolitan areas offer manufacturers, while eliminating artificial incentives for manufacturers to seek low-wage locations. Because there is so much regional variation in manufacturing, federal policy should provide a platform for state, local, and metropolitan efforts, which can formulate policies to respond to regional needs.

“Different regions of the country, different metropolitan areas, and even different counties within the same metropolitan area differ greatly in their manufacturing industries, technology levels, wages, and plant sizes.”

